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31 January 1964 25X

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CENTRAL

INTELLIGENCE

BULLETIN



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State Dept. review completed

GROUP 1 Excluded from outomatic downgrading and declassification

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*South Vietnam: General Nguyen Khanh is in the process of consolidating his position as the new chairman of the ruling Revolutionary Military Council.

A communique formally dissolving the previous ''ineffective'' leadership of the government and naming Khanh as the new head was endorsed by nearly all senior officers except those under detention

Khanh told Ambassador Lodge he was considering creating a war cabinet of five portfolios. He stated that, in addition to being chairman of the Council, he would hold the titles of Prime Minister and Secretary of State for War. This raises the possibility that the civilian cabinet formerly headed by deposed Prime Minister Tho may be eliminated

Khanh claims he has no intention of carrying out an extensive reshuffling at the provincial level. He also says he will continue the consolidation of strategic hamlets, eliminating only those considered unviable.

Apparently to emphasize the antineutralist posture of the new regime, Saigon Radio has announced the breaking of diplomatic relations with France.

The new regime's plans for handling General Minh and the other former leaders being held apparently are not firm. Some may be exiled, but it is possible that

former Interior Minister General Dinh may be tried for his participation in the Diem government's crack-down on the Buddhist pagodas last August

While the coup is known to have caused a post-ponement of one planned security operation in a critical province near Saigon, the new regime has pledged a swift resumption of the war effort on an intensified basis. As yet, there is no clear indication of an attempt by the Viet Cong to exploit the situation militarily. Bloc propaganda is depicting the coup as the second maneuver by the Americans within three months in an effort to stave off inevitable defeat in Vietnam!

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*USSR-Cyprus: The 30 January TASS statement on Cyprus is intended to appear responsive to a request by the Makarios government, made also to the US, for a statement opposing unilateral Turkish military intervention.

Although the statement acknowledges that the Cypriots have informed the USSR that 'there is now a serious danger of aggression,' it carefully avoids identifying Turkey as the potential aggressor. The statement refers only to plans to send an 'international force,' composed of troops of the major NATO powers, to Cyprus.

In warning that the dispatch of such a force would endanger world peace, Moscow seeks to place itself in a position to claim credit for deterring "aggression" without running the risk of a direct commitment to defend Cyprus.

There are reports, however, that the Russians are trying to win the favor of the Greek Cypriots through vague private assurances of support. The Soviet ambassador to Nicosia reportedly gave the Cypriot Acting Foreign Minister a qualified pledge on 27 January that the USSR would not permit an invasion by any country and would guarantee the integrity of Cyprus

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*Panama: Castro-Communist influence on the government is increasing.

Recent proposals by top Panamanian business and government leaders for increased trade and diplomatic contacts with bloc countries have resulted from prodding by far leftists and suspected Communists.

25X1 suggest that the government would be reluctant to use the National Guard in the event of renewed violence. The Communists may count on this.

The sensationalist Panamanian press and radio-where pro-Communists have held positions of influence for many years--are helping to maintain an atmosphere of tension which could be triggered into violence.

Communist "student" leaders reportedly are only awaiting an appearance of compromise in the government's position toward a new Canal treaty before acting.

Roberto "Tito" Arias, a chronic revolutionary, arms dealer, and Castro contact with influential ties, returned to Panama City on 29 January. He was met by a group including pro-Castro revolutionary leader Thelma King. He is reported to have talked with his uncle, ex-President Arnulfo Arias, who may be con-

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sidering a coup.

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Mexico - Communist China: The Lopez Mateos government is moving to extend its commercial and cultural contacts with Communist China.

Communist Chinese press representatives who have been in Mexico City since last July will remain at least six months more,

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The government has renewed their visas permitting unlimited travel to and from Mexico. This will give the representatives continued opportunities to extend Peiping's propaganda activities in Central America.

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man Communist Chinese trade delegation is to be established in Mexico.

In a 28 January editorial, a leading conservative Mexico City newspaper commented that since Mexico already trades with "continental China," the question of diplomatic relations between the two nations has become "a legalistic and formal one."

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	NOTES	25X1
25X1	Pakistan - Communist China: The Pakistani Foreign Ministry evidently is making plans to treat Chou En-lai's mid-February visit as more than a ceremonial occasion. Final decisions have not been made, but the Pakistanis are considering seeking cultural and eco- nomic assistance agreements, as well as some kind of limited defense understanding.	25X1
	USSR: The Soviet Union is playing the shoot-down of the US T-39 aircraft over East Germany in low key in the hope of preventing complications in US-Soviet relations. Soviet Foreign Minister Gromyko told Ambassador Kohler on 29 January that he felt the incident was "particularly unfortunate" now when the Soviet Union and the US are facing up to "great tasks." Gromyko maintained that Soviet fighters took preliminary warning measures which the US plane ignored.	

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L	Rumania: Deputy Premier Bodnaras recently arranged a meeting with the US minister for the apparent purpose of convincing him that the Bucharest regime's ability to act 'independently' in the bloc would be enhanced by increased trade with the US. He said that although Rumania would give 'slight' preference to a bloc supplier, its main concern was to obtain the best available product and it had de-	25X1	

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nonbloc world.

fended this view against bloc critics. He went on to note that there would be more examples of Rumanian unorthodoxy in relations with the bloc and with the

